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PROGRESS REPORT ON THE IMPLEMENTATION OF CHANGE MANAGEMENT

INTRODUCTION

1. Pursuant to Executive Board decision 97/15, the present conference room paper reports on the progress of key change initiatives approved in that decision. Document DP/1998/CRP.8 provided information up to June 1998; the present paper covers the period since then. The challenge of sustaining the efforts made so far in implementing the UNDP 2001 decisions - and the lessons learned after more than a year - are the main focus of the report. It focuses on key aspects of the change agenda and covers the salient features of change decisions that have wide-ranging implications for the effectiveness of UNDP in the delivery of its services and products.

2. Throughout 1998, UNDP continued its efforts to secure a realignment of the organization's structure and systems in response to the changed realities of its external environment. UNDP 2001 moved forward the organization's main goals by pursuing a policy of decentralization and greater devolution of responsibility and accountability to country offices. As noted in the previous reports, UNDP has also instituted a system in which annual strategic planning goals are established through a consultative process and then enforced through compacts signed by the Administrator and senior managers. In these compacts, UNDP 2001 decisions have been incorporated for action and follow-up, where necessary.

3. A brief account of the main achievements accomplished in 1998 and lessons learned and challenges ahead are highlighted in the following four key areas:

(a) Decentralization and empowerment of country offices through policy support and tools;

(b) Building capacity in organizational learning;

(c) Re-engineering, enhanced efficiency and accountability;

(d) Management of change.

An integral part of the UNDP 2001 vision is to reposition the organization within the United Nations system. Through the United Nations Development Group Office (UNDGO), UNDP is continuing actively to promote the Secretary-General's reform agenda. Since these matters are reported on separately, the present report does not cover them fully.

I. DECENTRALIZATION AND EMPOWERMENT OF COUNTRY OFFICES

4. The principal aim of UNDP 2001 is to complete the transformation of the organization into a decentralized, field-based body capable of working with programme countries in its mandated areas with effectiveness and speed. Three major policy directions, being pursued in support of this aim, are shaping the UNDP decentralization process: (a) a greater responsibility at the country level; (b) improved human resource capacities; and (c) improved management tools for decentralized decision-making.

5. UNDP is continuing to fine-tune its human resource function so that it ensures state-of-the-art human resource policy that supports a decentralized structure and empowers country offices. Five notable policy initiatives were approved and launched in 1998: the national staff career-management policy; the gender-balance and management policy; a framework for action for learning in support of staff development; the staffing of countries in crisis; and the development of competency-based approaches to staffing. The national staff policy, the first of its kind in the organization, reflects UNDP recognition of its vast pool of national staff who are central to the ability of the organization to deliver the 2001 agenda worldwide. The policy presents a framework regarding the optimal management of national staff and how they might develop their knowledge and competencies, thus contributing to their career progression. The first phase of the implementation of the national staff policy was completed by November 1998. During this phase, focal points were designated to support implementation. Seven national staff (one from Africa, one from Asia, two from Arab States, one from Latin America and two from Europe) were selected through a competency-assessment programme to be future Operation Managers. Ten national staff were selected to act as trainers in accounting in country offices.

6. The gender-management policy is designed to provide a framework that will enable the organization to continue to increase the ratio of women staff both at the management and operational levels. The target ratio of a minimum of four women to six men by the year 2001 will be feasible. At this time, 47.8 per cent of staff at the operational level are women. At the management level, the current figure stands at 25 per cent. The number of women resident

representatives has increased from 26 in 1997 to 31 (including designates) in 1998. UNDP met its target in this respect. At headquarters, 33 per cent of the senior managers are women. In 1998, women accounted for 34 percent of holders of contracts for activities of limited duration (ALD).

7. The staffing of UNDP offices in countries in crisis provides a set of fast-track mechanisms for mobilizing and deploying competent UNDP staff and recruiting emergency personnel. The Regional Bureau for Africa has created the Special Team on Africa Recovery, headed by a Special Adviser, which provides one-stop response to support the offices in countries in special emergency situations in the Africa region. The special team will also intensify UNDP relationships with other key entities for these countries, both within the United Nations system and in the wider international communities.

8. During the reporting period, 15 headquarters posts have been delegated to the country operation level to support the implementation of subregional resource facilities (SURFs). While it appears unlikely that major new core resources can be shifted to the country offices during the current biennium, the issue of the relationship of resources in headquarters and country offices is being reviewed in the context of the UNDP budget exercise for the 2000-2001 biennium.

9. Appointments of personnel under project-financed posts at headquarters are being strongly discouraged by strengthening screening and approval procedures. Where feasible, current headquarters-based project funded posts as well as posts under ALD arrangements will be subject to redeployment to the country offices. This will continue to remain under review throughout 1999. At headquarters, specific measures were taken to limit the provision of junior professional officers (JPOs) to a maximum of 20; they exceeded 32 in past years.

10. With respect to management tools, in addition to the national execution guidelines, issued earlier in 1998, two new tools were approved by the Executive Committee: (a) guidelines for collaboration with the private sector and (b) decentralized cost-sharing agreements. With these newly delegated authorities, UNDP country office staff are now better equipped to seek and exercise wider management responsibility on strategic partnerships at the country level. Close monitoring of the use of these tools will be required at the central service levels during the start-up phase to ensure that country offices can receive guidance and support when needed. Two other tools, the programme manual and the finance manual, have also been finalized. Details on the status of these manuals are provided in paragraph 18 of the present report.

11. The central capacity of UNDP to provide speedy support to countries in crisis has been strengthened with the establishment of the Emergency Response Division (ERD), under the overall authority of the Associate Administrator, and more recently with the creation of a Disaster Management Programme in Geneva, which is responsible for supporting the disaster preparedness, mitigation and recovery functions in countries at risk of natural disasters. In 1998, ERD initiated and undertook a comprehensive programme in mine-action capacity-building in support to the country offices in mine-affected countries. Through this initiative, UNDP is assisting with regard to the socio-economic consequences of landmine contamination.

II. BUILDING CAPACITY IN ORGANIZATIONAL LEARNING

12. The importance of learning and the management of knowledge was recognized as a key element of UNDP reform initiatives. The main challenge to UNDP has been to integrate this new dimension into the culture and mainstream work of its staff. UNDP has made some progress in this respect, albeit slow. There were, for example, initial difficulties in fully operationalizing the SURF initiative (see document DP/1998/CRP.8), one of the key aspects of the organization's approach to the management of knowledge.

13. As part of UNDP decentralization efforts, the SURF system serves as a channel to connect the substantive elements of UNDP country offices, regional resources, headquarters units, and international resources. The country offices represent the system's clients, who rely on it as a "one-stop-shop" for the expertise and information needed to respond to pressing substantive needs. The SURFs provide the country offices with technical support on a demand-driven basis and link them to regional knowledge bases and specialists. The global hub and the regional SURFs have completed the initial phase of recruiting staff. Except for the SURF in the Caribbean region, all others are currently in operation. One of the main concerns of UNDP in 1999 will be to develop ways to measure the impact of the SURF system on the effectiveness of the country office work and to build on user feedback.

14. Progress in the use of information technology has opened up vast opportunities to help to transform UNDP into a learning organization where information is freely shared and decisions are based on best available knowledge. Increase in Internet and intranet connectivity in the past two years has already laid the building blocks to transform UNDP into a learning organization. Recognizing, however, that the organization could have moved faster to maximize the advantages offered by technological innovations, UNDP will give vigorous managerial attention to speed up the process.

15. As noted in paragraph 5, UNDP formally shifted its approach from selective training for a few staff members to an environment of continuous learning for all staff. The framework for action for learning in support of staff development, implementation of which began in August 1998 sets some of the parameters for this transition. It recognizes the importance of creating an organizational environment in which every staff member's learning activities count and contribute to the success of UNDP. To support staff in their efforts for self-directed learning, the framework provides a flexible minimum of 5 per cent of staff time for learning. UNDP has decided to encourage the voluntary use of staff time for learning in order to ensure that its work force remains skilled and adaptable to new demands. With a clear focus on individual learning, the framework outlines a number of innovative mechanisms geared towards supporting organizational learning in UNDP, including: computer-based learning; multi-media modules; structured self-study; group learning; exposure to best practices; and organized courses. Key steps to support the framework include the development of a learning managers' network at the country level; the development of a tool kit for use by the learning managers; further decentralization of the budget for learning; the establishment of an electronic platform for learning; and the building of a learning alliance with external institutions. The success of the framework depends significantly on country

office response to the opportunities it offers and the ready acceptance by staff of a culture shift towards learning.

16. The shift to the new learning culture, in which the participation of the whole organization is a key factor, seems to be taking much longer than was anticipated. A great deal of debate focused on the in-house conceptualization of learning and knowledge management issues and the need for clarity. The creation of a learning organization represents a deep-rooted cultural change. It involves all parts of organization and therefore is a time-consuming experience. In view of the fact that several headquarters units have management and substantive responsibility in different aspects of learning and knowledge management (Bureau for Development Policy, the Evaluation Office and the Bureau for Programme and Resource Management (BPRM)), detailed monitoring arrangements for, and coordination of, these activities will have to be put in place.

III. RE-ENGINEERING, ENHANCED EFFICIENCY AND ACCOUNTABILITY

17. Efficiency enhancement remains a major concern of UNDP. Several approaches are being used to improve efficiency, including process simplification, delegation of authority, introduction of new systems and the use of technology. Throughout the year, simplification in programme, financial, operations management and personnel administration procedures have been pursued.

18. Integral parts of the change management for the enhancement of UNDP effectiveness in programme operations are improved tools to get the job done. The development of the ALD and Special Service Agreement (SSA) contracts are two such tools and detailed guidelines for their implementation were developed and approved. During 1998, a total of 65 country offices were given delegated authority with detailed guidelines to implement the ALD and SSA contracts.

19. One notable development with regard to programme operations was the completion of the new programming manual consistent with the principles of UNDP 2001 and results-based management. The final version of the manual will be ready for distribution in March 1999, thus enabling the incorporation of results-based reporting in sections. The finance manual, made available on-line in December 1998, will be ready for distribution in April 1999. The new manual will feature: a new structure aligned with new financial regulations; full consistency with other UNDP manuals; new procedures empowering country offices; and electronic access to a centrally maintained database.

20. UNDP has also taken major strides to build a new corporate culture of greater efficiency and accountability. Notable progress in this regard is the launching, in October 1998, of the control self-assessment-training programme. The pilot phase of the programme, which focuses on accountability, delegation, internal controls and risk assessment, will continue in 1999 with the participation of the Office of Audit and Management Review (OAPR), the Bureau for Financial and Administrative Services (BFAS), the Office of Human Resources (OHR), the Regional Bureau for Asia and the Pacific.

21. The full operationalization of the 1:7 supervision ratio has been achieved in BFAS and OAPR while in the other central service units this remains to be

implemented. As regards the five-day response policy, despite conscious efforts made by the individual headquarters units, the level of achievements varies. A client survey is being carried out by BPRM to ascertain country office views on the effectiveness of headquarters support to their needs and on how to enhance further the efficiency of services provided by headquarters. The results of the survey will be used as a basis for initiating further re-engineering efforts aimed at improving service quality.

22. The Office of Human Resources has undertaken a number of significant streamlining measures at headquarters to re-engineer business processes and to delegate tasks. The goal of further decentralization and enhancing country office empowerment has been the driving principle. An anticipated result of these measures will be speedier service. Noteworthy examples of the simplifications include: elimination of headquarters role in applying the special education grant and dependency allowance for local staff; fast track settlement of travel claims; elimination of the intermediary Office of Human Resources role in the medical clearance of national staff; delegation to the country office of the extension of contract beyond the mandatory retirement age for national staff; decentralization of the approval authority for home leave and education grant travel; medical evacuation; and dealings with the Pension Fund and Compensation Claims Board.

23. Systems improvement has been a major factor in the organization's activities to enhance efficiency. Full implementation of the Financial Information System (FIMS) global release is expected to start in the first quarter of 1999. The new country office accounting system (WinFOAS) will also be ready for use in the second quarter of 1999. For the first time in UNDP, the FIMS and WinFOAS will be working together, thus providing an improved tool for monitoring the use of financial resource at the country-office level. In addition, the establishment of Internet access to all staff at headquarters was completed in December 1998. So far, 125 country offices have access to Internet and 64 have Intranet connectivity. The Executive Information System (EIS) is expected to be in full use by early 1999. UNDP expects to see a leap forward in the systems improvement area in 1999.

IV. MANAGEMENT OF CHANGE

24. The Executive Board may recall that priority was given to the principle that change management practices had to be mainstreamed into the working business of the organization. Accordingly, UNDP integrated the main elements of the strategic plan for 1998, which focused mainly on the goals of UNDP 2001, into the compacts of all senior managers at the headquarters and the Resident Representatives in the country offices. The commitments made in the compacts were monitored and progress assessed by the Bureau Directors along with their colleagues in July and August 1998. The Administrator undertook a comprehensive review of the achievements of the compacts in November and December 1998.

25. The culture of participatory decision-making, in which corporate managers and senior managers from the country offices examine issues for policy-setting and prioritization of the work of the organization became an institutional norm. Throughout the year, the Change Implementation Committee and the Expanded

Executive Committee reviewed and contributed to decision-making on new initiatives emanating from the change agenda and on many other important policy matters.

26. In November 1998, UNDP senior managers reviewed the organizational work priorities for 1999 in a retreat at Mohonk. The retreat also provided an opportunity to examine in depth the emerging priority for UNDP to develop a new strategic framework that will enable the organization to report on results to the Executive Board.

27. In support of the change management process envisioned in Executive Board decision 94/14, a number of Governments have provided generous funding to UNDP to help it to carry out the needed reforms. Two areas were identified for use of the funds: (a) improving administrative procedures and managerial methods and (b) improving the management and the quality of the programme. As of 1998, 17 reform projects were implemented, of which 8 have been completed; those remaining are targeted for completion in 1999. They have contributed to the change process in three ways: (a) by developing management and programme tools aimed at the delegation of greater authority to country offices; by developing new strategies, methodologies, and quality control and monitoring mechanisms to improve the effectiveness and impact of programmes and by building essential structure and infrastructure to improve efficiency, accountability and management. New pledges to support the continuation of change activities have been received from donor members. These resources will be used to support activities in the following areas:

(a) Enhance UNDP capacity to respond to countries in crisis situations;

(b) Enhance efficiency in administration and financial management by streamlining procedures;

(c) Develop tools to enhance information management in the country offices;

(d) Enhance country office competencies through learning-based programmes;

(e) Improve management competencies through executive development programmes;

28. In its decision 98/23, the Executive Board decided that UNDP will adopt a framework more closely linking the organization's resources and the results of its activities; the decision has significant implications for UNDP work processes. With immediate effect, internal arrangements in programme planning, programme design, monitoring and analysis will therefore by driven by one key concern: accountability for results. In this way, UNDP will provide results of the highest quality to its clients and the best possible value for its donor countries. Early results are expected in 1999 as UNDP continues to overhaul its system and procedures to adapt to the new system.

29. A limited number of activities under the change agenda are moving relatively slowly. These are: ensuring a closer linkage between the country-based project team and the core team; issuance of the finance manual;

realignment of non-core with core resources; providing a one-stop-shop facility for the country office; and ensuring a five-day response as an organization-wide practice; and a more vigorous resource mobilization strategy and action plan with a wider donor base. UNDP will devote more attention to ensuring that implementation of all change management issues are on track.

30. Outreach of the change messages and dissemination of information of the progress on UNDP 2001 within and outside the organization constituted one of the core elements of the UNDP management approach to change. Throughout the year, BPRM, as the lead unit responsible for monitoring the overall implementation of change, carried out a series of outreach activities. Examples of these activities include: issuance of a resource guide on change; publication in English, French and Spanish of a brochure and poster, "UNDP 2001: Change Management"; setting-up of an intranet-based tracking system on the status of 2001 actions; monthly information provided to the country offices through the operations bulletin issued by the Operations Support Group; provision of resource services on change agenda in training events; and holding of town hall meetings and meetings with other headquarters units to promote key issues of change.

31. Through various in-house mechanisms (compact review, the Change Implementation Committee, the Executive Committee), UNDP maintains a constant review of the progress and problems in the implementation of change. It is planned that in the second half of 1999, UNDP will undertake a full assessment of the change process. This assessment is expected to provide an analysis of the overall outcomes of the change initiatives in relation to the goals of UNDP 2001.